

**CALGARY
ASSESSMENT REVIEW BOARD
DECISION WITH REASONS**

In the matter of the complaint against the Property/Business assessment as provided by the *Municipal Government Act*, Chapter M-26, Section 460(4).

between:

Assessment Advisory Group, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

H. Kim, PRESIDING OFFICER

D. Pollard, MEMBER

T. Usselman, MEMBER

This is a complaint to the Calgary Assessment Review Board in respect of a Property assessment prepared by the Assessor of The City of Calgary and entered in the 2010 Assessment Roll as follows:

ROLL NUMBER:	090090093
LOCATION ADDRESS:	4043 Brandon St SE
HEARING NUMBER:	58196
ASSESSMENT:	3,060,000

This complaint was heard on the 15 day of June, 2010 at the office of the Assessment Review Board located at Floor Number Four, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 6.

Appeared on behalf of the Complainant:

- *Yuan Tao*
- *Troy Howell*

Appeared on behalf of the Respondent:

- *Jarrett Young*

Board's Decision in Respect of Procedural or Jurisdictional Matters:

The Respondent raised a preliminary issue when the Complainant had completed his presentation, alleging that onus had not been met. The Board determined that the evidence presented by the Complainant raised sufficient questions as to the correctness of the assessment to require a defence of the value placed on the assessment roll and proceeded with the hearing.

Property Description:

The subject is a warehouse of B+ quality consisting of 28,859 square feet of rentable building area with a 20,516 sq. ft. footprint, constructed in 1966 on a 0.70 acre parcel in the Manchester Industrial area north of 42 Ave and west of Blackfoot Trail SE. The site coverage is 67.28% and the parcel is L-shaped with frontage slightly under half the parcel width at the rear. The parcel is zoned Industrial General (I-G) and the assessment is based on sales comparables.

Issues:

The Complainant identified two issues on the Complaint form:

1. The assessed value is not reflective of the property's market value.
2. The assessed value is inequitable with comparable property assessments.

Complainant's Requested Value: \$2,530,000

Board's Decision in Respect of Each Matter or Issue:

The Complainant did not lead evidence with respect to Issue 2, therefore only Issue 1 was considered.

Complainant's position:

The Complainant stated that the subject property was assessed in 2009 at \$2,810,000 compared to the 2010 assessment at \$3,060,000. The market generally declined about 15% between July 1, 2008 and July 1, 2009 and it is inconceivable how the subject could have increased in value over that time period. The assessment is based on direct sales comparison at \$106 per rentable sq. ft.

The Complainant stated that the subject has serious exposure and parcel shape issues, and is a special purpose building. It has very small frontage compared to its total area, and unusually high

site coverage of 67%. He presented three sales in the neighbouring area that sold between April and December 2008 for \$93 to \$131 per square foot of rentable area. Downward adjustments totalling 20% to 35% for building size, year of construction, site coverage and date of sale were applied, resulting in adjusted sale prices of \$75 to \$99 per square foot. The average of the adjusted sale prices is \$86/sq.ft., which applied to the rentable area of the subject results in a requested assessment of \$2,480,000 slightly lower than the amount requested on the complaint form.

The Complainant agreed that amounts applied are subjective but adjustments are required to recognize the unique characteristics of the subject. One of the Respondents comparables, at 4344 12 St SE, supports the Complainant's request. It is located in close proximity to the subject with similar size and year of construction, and has a time adjusted sale price of \$106 per rentable square foot, the same as the assessment of the subject. The comparable sale has 44% site coverage, much less than the 67% of the subject. The Complainant submits that it is reasonable that the value of the subject would be less than \$106 per rentable sq. ft. assessment.

Respondent's position:

The Respondent stated that the assessment is prepared using multiple regression analysis of sales that occurred within the relevant time period. It was determined that properties with higher than normal site coverage was under-assessed, which is the reason why the assessment of the subject property increased between the 2009 and 2010 tax years. Generally inner city industrial values were flat over that period of time. The model uses 6 variables:

- Site coverage
- Building type – tenancy whether single or multiple
- Rentable area
- Year of construction
- Location
- % of non-warehouse

In the Central zone, land is a very big component of value. Standard industrial has 34% site coverage and the model adjusts for higher than normal coverage, but caps it at 60%. The Respondent presented three sales, one in the Central zone and two in the Northeast, with 40 to 44% site coverage. The sale dates were March 2007 to February 2009 and time adjusted sale prices were \$97 to \$114. The Respondent disputed the Complainant's 15% downward adjustment for sale date, stating that no supporting evidence had been presented and that the City of Calgary's analysis showed time adjustments of 2 to 6%.

The Respondent submitted that the Complainant did not lead evidence as to why the assessment is wrong. The Complainant presented sales that on the surface support the assessment but applied arbitrary adjustments without supporting the amounts applied. The Respondent agreed that the subject is an atypical property, but there could be 20 sales, all higher than the subject and not comparable, that would not demonstrate that the assessment is wrong. The assessment is a reasonable test for market value, and the evidence presented does not support the reduction requested.

Decision and Reasons:

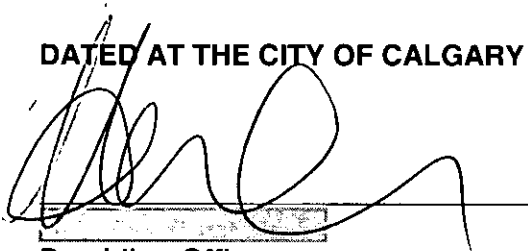
The Board could not determine from the comparables submitted by the Complainant whether the assessment of the subject is in excess of market value. The adjustments applied were substantial and not supported by evidence.

The Board considered the Respondent's sales comparable at 4344 12 St SE to be most similar to the subject, and noted that it had more than double the parcel size of the subject, was slightly newer and slightly larger. However, it had substantially less finish, 21% compared to the subject at 35%. No evidence was led as to what the relative impact of parcel size and % finish might be, nor evidence on the impact of a smaller parcel size on market value. While the Board found some merit in the Complainant's argument that the subject property was inferior to the comparable, insufficient evidence was presented to quantify the comparative value. Accordingly, the Board did not have sufficient evidence to vary the assessment.

Board's Decision:

The complaint is denied and the assessment is confirmed at \$3,060,000.

DATED AT THE CITY OF CALGARY THIS 2nd DAY OF July 2010.



Presiding Officer

An appeal may be made to the Court of Queen's Bench on a question of law or jurisdiction with respect to a decision of an assessment review board.

Any of the following may appeal the decision of an assessment review board:

- (a) the complainant;
- (b) an assessed person, other than the complainant, who is affected by the decision;
- (c) the municipality, if the decision being appealed relates to property that is within the boundaries of that municipality;
- (d) the assessor for a municipality referred to in clause (c).

An application for leave to appeal must be filed with the Court of Queen's Bench within 30 days after the persons notified of the hearing receive the decision, and notice of the application for leave to appeal must be given to

- (a) the assessment review board, and
- (b) any other persons as the judge directs.